



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
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"To Enrich Lives Through Effective And Caring Service"

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April 16, 2013

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 April 16, 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

**AUTHORIZATION TO EXTEND CONTRACTS 75380, 75381, AND 75382 FOR
THIRD PARTY WORKERS' COMPENSATION
CLAIMS ADMINISTRATION SERVICES
ALL DISTRICTS
(3 VOTES)**

SUBJECT

This recommendation by the Chief Executive Office (CEO) seeks the Board's authorization to amend Contract No. 75380 with TRISTAR Risk Management No. 2, Inc. (TRISTAR 2); Contract No. 75381 with TRISTAR Risk Management (TRISTAR) [collectively both referred to as TRISTAR]; and Contract No. 75382 with Acclamation Insurance Management Services, Inc. (AIMS), effective as of July 1, 2013, to extend the term for a period of six (6) months through December 31, 2013.

IT IS RECOMMENDED THAT THE BOARD:

Approve and instruct the Chairman to sign the amendments to extend Contracts 75380 and 75381 with TRISTAR, and Contract 75382 with AIMS, for an additional six (6) months beginning July 1, 2013 and continuing through December 31, 2013, at a total base cost of \$9,175,568.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The current contracts for third party workers' compensation claims administration services will expire on June 30, 2013. A Request for Proposals (RFP) was released on May 4, 2012 to replace the services provided under the current contracts with AIMS and TRISTAR. This process was cancelled because the RFP was released and proposals were submitted before the enactment of Senate Bill 863 to institute major reforms to the workers' compensation system, which may impact the

procedures and costs for third party workers' compensation claims administration.

The new RFP was released on September 24, 2012, with proposals originally due on November 2, 2012. In an effort to attract additional proposers, and at the direction of the Chief Executive Officer, the date to submit proposals was extended by one month, to December 7, 2012. Despite this delay, along with additional time allotted for proposal evaluation process, the entire solicitation process may be completed before the expiration of the current contracts; however, it will not allow sufficient transition time to physically transfer 13,000 case files to the new contractors, complete any required system interface, and migrate data to ensure uninterrupted services. The new contractors must be fully operational on the effective date of the new contracts. The purpose of the recommended action is to allow sufficient time to complete the transition process to ensure uninterrupted workers' compensation claims administration services in order to maintain program stability and meet State and other statutory requirements.

Implementation of Strategic Plan Goals

The recommended action requested herein is consistent with the County's Strategic Plan Goal 1, Operational Effectiveness; and Goal 2, Fiscal Responsibility, allowing continuous high-level service to the County.

FISCAL IMPACT/FINANCING

For the six-month extension period, TRISTAR and AIMS will continue to be paid at the current monthly rate. The total base cost will be \$9,175,568, as shown below.

TRISTAR 2: monthly base fee \$613,907.00; six-month total \$3,683,442

TRISTAR: monthly base fee \$383,124.92; six-month total \$2,298,750

AIMS: monthly base fee \$532,229.31; six-month total \$3,193,376

The total paid to AIMS for Fiscal Year 2011-12 was \$6,178,448; and total paid to TRISTAR was \$11,574,165.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On September 20, 2005, after a formal solicitation process, the Board approved Contracts 75380, 75381, and 75382, effective January 1, 2006 through December 31, 2010.

In 2009, under the Countywide Contract Extension and Reduction Initiative, TRISTAR and AIMS agreed to extend the contracts for two years and reduce their fees by five percent (5%) for the period of January 1, 2011 through December 31, 2012.

On October 9, 2012, the Board approved an amendment to extend the three contracts through June 30, 2013 to allow the CEO to complete the solicitation for replacement contracts.

Throughout the term of the contracts, the contractors have met County, CEO, and all other statutory requirements pertaining to workers' compensation claims.

The amendments were reviewed and approved as to form by County Counsel.

CONTRACTING PROCESS

After cancellation of an earlier RFP, the CEO initiated a new solicitation to replace contracts 75380, 75381, and 75382 in September 2012. It was initially thought that the solicitation process would be complete by June 30, 2013; however, that date did not include sufficient transition time to allow for the physical transfer of 13,000 files from the current contractors to the new successor contractors; completion and implementation of any required system changes and completion of data migration. The new contractors must be fully operational on the effective date of the new contract. In addition, there were several delays in the solicitation process that make it unlikely that the new contractors will be able to be fully operational on July 1, 2013. The proposal submission date was extended one month by direction of the Chief Executive Officer in order to attract additional firms and foster more competition for County business. The extension resulted in an additional proposer. More time was allotted for proposal evaluation to accommodate holiday schedules and allow sufficient time for evaluators to thoroughly review all proposals. The proposal evaluation was completed in February 2013, and we are currently in the negotiation stage. The requirements of the County's Protest Policy, as provided in Board Policy 5.055, will require that additional time be provided to complete the protest process and could delay the completion of one or more of the contracts.

Extension of the current contracts will not only ensure uninterrupted workers' compensation claims administration services, but will also allow the CEO to complete the solicitation for replacement contracts and transition from current contractors to new contractors before the effective date of the new contracts.

The CEO Risk Management Branch and members of County Counsel presented this item at the Operations Cluster meeting on January 17, 2013, apprising Board Deputies of the extension mentioned herein.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services; approval of the contract extensions provides for continuation of existing services.

CONCLUSION

Upon approval by the Board, please return two signed originals of each amendment and one adopted copy of the letter to the CEO Risk Management Branch, attention Steven T. Robles, County Risk Manager.

The Honorable Board of Supervisors

4/16/2013

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a long horizontal line extending to the right.

WILLIAM T FUJIOKA

Chief Executive Officer

WTF:BC:STR

RC:KF:tv

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller

**THIRD PARTY WORKERS' COMPENSATION CLAIMS
ADMINISTRATION SERVICES CONTRACT**

TRISTAR RISK MANAGEMENT NO. 2, INC.

AMENDMENT NO. 3 TO CONTRACT NO. 75380

WHEREAS, on September 20, 2005, the County of Los Angeles, hereinafter "County", entered into Contract No. 75380 with TRISTAR Risk Management No. 2, Inc., hereinafter "Contractor" for Third Party Workers' Compensation Claims Administration Services; and

WHEREAS, Amendment No. 1 to Contract No. 75380, effective January 1, 2010, extended the term of the Contract through December 31, 2012; and

WHEREAS, Amendment No. 2 to Contract No. 75380, effective January 1, 2013, extended the term of the Contract through June 30, 2013; and

WHEREAS, County is in the process of soliciting for new Workers' Compensation Claims Administration Services to replace Contract No. 75380, and due to unanticipated delays in the process, such solicitation will not be completed on or before June 30, 2013; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75380 for six (6) months to allow for the completion of the solicitation and for the transfer of data and files to the new Contractor.

NOW THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed by the parties that Contract No. 75380 shall be amended as follows:

1. **This Amendment No. 3 shall commence and be effective on July 1, 2013.**
2. **Paragraph 4.0, TERM OF CONTRACT, Subparagraph 4.1, shall be deleted in its entirety and replaced with the following:**
 - 4.1 The term of this Contract shall commence on January 1, 2006, and shall continue in full force and effect until December 31, 2013, unless sooner terminated, in whole or in part as provided in this Contract.
3. **Exhibit B.2, PRICING SCHEDULE is replaced in its entirety by Exhibit B.3, attached hereto and incorporated herein by reference. All references to Exhibit B.2 in the Contract shall hereafter be replaced by Exhibit B.3.**

4. **This Amendment constitutes the whole and entire agreement of the parties with respect to the subject matter of this Amendment, and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Amendment replaces and supersedes all prior written and oral agreements by and among the parties hereto.**
5. **This Amendment made solely for the benefit of the parties to this Amendment and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Amendment.**
6. **Each party to this Amendment represents and warrants to the other that it has the capacity and authority to enter into this Amendment No. 3.**
7. **Except for the changes set forth above, Contract No. 75380 shall not be changed in any respect by this Amendment No. 3.**

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IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 3 to Contract No. 75380, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No. 3 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

TRISTAR RISK MANAGEMENT NO. 2, INC.

By: 

Name: Thomas J. Veale

Title: President

Date: 3/22/13

COUNTY OF LOS ANGELES

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors



By: 

Chairman, Board of Supervisors

I hereby certify that pursuant to
Section 25103 of the Government Code,
delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: 

Deputy

APR 16 2013

By: 

Deputy

APR 16 2013

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: 

Deputy County Counsel

Date: 3/15/13

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12

APR 16 2013


SACHI A. HAMAI
EXECUTIVE OFFICER

**THIRD PARTY WORKERS' COMPENSATION CLAIMS
ADMINISTRATION SERVICES CONTRACT**

TRISTAR RISK MANAGEMENT

AMENDMENT NO. 3 TO CONTRACT NO. 75381

WHEREAS, on September 20, 2005, the County of Los Angeles, hereinafter "County", entered into Contract No. 75381 with TRISTAR Risk Management, hereinafter "Contractor" for Third Party Workers' Compensation Claims Administration Services; and

WHEREAS, Amendment No. 1 to Contract No. 75381, effective January 1, 2010, extended the term of the Contract through December 31, 2012; and

WHEREAS, Amendment No. 2 to Contract No. 75381, effective January 1, 2013, extended the term of the Contract through June 30, 2013; and

WHEREAS, County is in the process of soliciting for new Workers' Compensation Claims Administration Services to replace Contract No. 75381, and due to unanticipated delays in the process, such solicitation will not be completed on or before June 30, 2013; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75381 for six (6) months to allow for the completion of the solicitation and for the transfer of data and files to the new Contractor.

NOW THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed by the parties that Contract No. 75381 shall be amended as follows:

1. **This Amendment No. 3 shall commence and be effective on July 1, 2013.**
2. **Paragraph 4.0, TERM OF CONTRACT, Subparagraph 4.1, shall be deleted in its entirety and replaced with the following:**
 - 4.1 The term of this Contract shall commence on January 1, 2006, and shall continue in full force and effect until December 31, 2013, unless sooner terminated, in whole or in part as provided in this Contract.
3. **Exhibit B.2 PRICING SCHEDULE is replaced in its entirety by Exhibit B.3, attached hereto and incorporated herein by reference. All references to Exhibit B.2 the Contract shall hereafter be replaced by Exhibit B.3.**

4. **This Amendment constitutes the whole and entire agreement of the parties with respect to the subject matter of this Amendment, and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Amendment replaces and supersedes all prior written and oral agreements by and among the parties hereto.**
5. **This Amendment is made solely for the benefit of the parties to this Amendment and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Amendment.**
6. **Each party to this Amendment represents and warrants to the other that it has the capacity and authority to enter into this Amendment No. 3.**
7. **Except for the changes set forth above, Contract No. 75381 shall not be changed in any respect by this Amendment No. 3.**

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IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 3 to Contract No. 75381, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No. 3 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

TRISTAR RISK MANAGEMENT

By: [Signature]

Name: Thomas J. Veale

Title: President

Date: 3/22/13

COUNTY OF LOS ANGELES

By: [Signature]

Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: [Signature]
Deputy

APR 16 2013



I hereby certify that pursuant to
Section 25103 of the Government Code
delivery of this document has been made

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: [Signature]
Deputy

APR 16 2013

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: [Signature]
Deputy County Counsel

Date: 3/15/13

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12

APR 16 2013

[Signature]
SACHI A. HAMAI
EXECUTIVE OFFICER

FILED

**THIRD PARTY WORKERS' COMPENSATION CLAIMS
ADMINISTRATIVE SERVICES CONTRACT
ACCLAMATION INSURANCE MANAGEMENT SERVICES, INC.
AMENDMENT NO. 3 TO CONTRACT NO. 75382**

WHEREAS, on September 20, 2005, the County of Los Angeles, hereinafter "County", entered into Contract No. 75382 with Acclamation Insurance Management Services, Inc., hereinafter "Contractor" for Third Party Workers' Compensation Claims Administration Services; and

WHEREAS, Amendment No. 1 to Contract No. 75382, effective January 1, 2010, extended the term of the Contract through December 31, 2012; and

WHEREAS, Amendment No. 2 to Contract No. 75382, effective January 1, 2013, extended the term of the Contract through June 30, 2013; and

WHEREAS, County is in the process of soliciting for new Workers' Compensation Claims Administration Services to replace Contract No. 75382, and due to unanticipated delays in the process, such solicitation will not be completed on or before June 30, 2013; and

WHEREAS, the parties mutually agree to extend the term of Contract No. 75382 for six (6) months to allow for the completion of the solicitation and for the transfer of data and files to the new Contractor.

NOW THEREFORE, in consideration of the mutual benefits derived therefrom, it is agreed by the parties that Contract No. 75382 shall be amended as follows:

1. **This Amendment No. 3 shall commence and be effective on July 1, 2013.**
2. **Paragraph 4.0, TERM OF CONTRACT, Subparagraph 4.1, shall be deleted in its entirety and replaced with the following:**
 - 4.1 The term of this Contract shall commence on January 1, 2006, and shall continue in full force and effect until December 21, 2013, unless sooner terminated, in whole or in part as provided in this Contract.
3. **Exhibit B.1, PRICING SCHEDULE is replaced in its entirety by Exhibit B.3, attached hereto and incorporated herein by reference. All references to Exhibit B.2 in the Contract shall hereafter be replaced by Exhibit B.3.**

4. This Amendment constitutes the whole and entire agreement of the parties with respect to the subject matter of this Amendment, and it shall not be modified or amended in any respect except by a written instrument executed by all the parties. This Amendment replaces and supersedes all prior written and oral agreements by and among the parties hereto.
5. This Amendment made solely for the benefit of the parties to this Amendment and their respective permitted successors and assigns, and no other person or entity shall have or acquire any right by virtue of this Amendment.
6. Each party to this Amendment represents and warrants to the other that it has the capacity and authority to enter into this Amendment No. 3.
7. Except for the changes set forth above, Contract No. 75382 shall not be changed in any respect by this Amendment No. 3.

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IN WITNESS WHEREOF, the Contractor has executed this Amendment No. 3 to Contract No. 75382, or caused it to be duly executed and the County of Los Angeles, by order of its Board of Supervisors has caused this Amendment No. 3 to be executed on its behalf by the Chairman of said Board and attested by the Executive Officer-Clerk of the Board of Supervisors thereof.

CONTRACTOR:

ACCLAMATION INSURANCE MANAGEMENT SERVICES, INC.

By: *Dominic Russo*
Name: Dominic Russo
Title: President & CEO
Date: 3/25/13

COUNTY OF LOS ANGELES

By: *Mark Ridley-Thomas*
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
Board of Supervisors

By: *Lachelle Smitheman*
Deputy APR 16 2013



I hereby certify that pursuant to Section 25103 of the Government Code, delivery of this document has been made.

SACHI A. HAMAI
Executive Officer
Clerk of the Board of Supervisors

By: *Lachelle Smitheman*
Deputy APR 16 2013

APPROVED AS TO FORM:

JOHN F. KRATTLI
County Counsel

By: *Behnaz Jashankar*
Deputy County Counsel

Date: 3/15/13

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

12 APR 16 2013

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER